

HOUSE BILL REPORT

HB 2007

As Reported By House Committee On:
Revenue

Title: An act relating to low-income housing.

Brief Description: Allowing tax proceeds to be used for low-income housing.

Sponsors: Representatives Ogden, Wood and H. Myers.

Brief History:

Reported by House Committee on:
Revenue, March 8, 1993, DPS.

HOUSE COMMITTEE ON REVENUE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Romero; Rust; Thibaudeau; and Wang.

Minority Report: Do not pass. Signed by 5 members: Representatives Fuhrman, Assistant Ranking Minority Member; Morris; Silver; Talcott; and Van Luven.

Staff: Kenny Pittman (786-7392).

Background: In 1982, the Legislature authorized cities and counties (local governments) to impose an excise tax on each sale of real property at a rate not to exceed 0.25 percent of the selling price. This authorization was intended to replace the loss of revenue that would result from local governments being restricted from imposing system development charges. The proceeds from the tax are placed in a capital improvement fund to be used for local improvements.

The 1990 Growth Management Act (GMA) restricted the use of the 0.25 percent excise tax in those local governments required or choosing to plan under the GMA primarily for: (1) financing capital projects specified in a capital facilities plan element of a comprehensive plan, and (2) housing relocation assistance. Exceptions were made for projects previously pledged to debt retirement.

In 1992, the Legislature required local governments with populations in excess of 5,000 and that are required or have opted to plan under GMA, to use the excise tax proceeds solely for financing capital projects specified in a capital facilities element of the comprehensive plan or for housing relocation assistance. Revenue pledged to debt retirement or committed to a project prior to April 30, 1992, may be used for those purposes until the original debt for which the revenue was pledged is retired or the project is completed.

The term "capital project" is defined to include streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, parks, recreational facilities, trails, libraries, law enforcement facilities, administrative or judicial facilities, or river or waterway flood control projects.

Summary of Substitute Bill: Housing projects that are consistent with the local government housing element of a comprehensive plan are eligible to receive funding from the 0.25 percent excise tax on the sale of real property. The revenue generated from the excise tax cannot be used for public aid or services with the exception of housing relocation assistance. "Housing project" is defined as construction, reconstruction, acquisition, or rehabilitation of publicly or nonprofit owned housing for households with incomes at or below 80 percent of median income, adjusted for household size, for the county where the housing is located.

Substitute Bill Compared to Original Bill: The substitute bill deletes the authorization to use the revenue from the 0.25 percent tax on the sale of real estate for grants or loans to owners or developers of low-income housing. The use of the revenues generated from the sales tax cannot be used for public aid or services except for housing relocation assistance activities.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Affordable housing needs have continued to expand. Local governments need a source of revenue to address housing needs. The bill gives local governments the option of using excise tax for housing projects that are consistent with their Growth Management Act required housing element. The use of excise tax for other capital projects would continue.

Testimony Against: This bill allows local governments to divert funds from capital projects.

Witnesses: Busse Nutley, Clark County Commissioner (pro); Jamie Gardner, United Indians of All Tribes Foundation (pro); Randy Lewis, city of Tacoma (pro); Kurt Creager, Low-Income Housing Congress (pro); Maureen Kostick, King County (pro); Dan Kelleher, King County (pro); Ron Main, King County (pro); Dick Brugger, Auburn Youth Resources (pro); Linda Rasmussen, Domestic Abuse Women's Network (pro); Evelyn Kest, Eastside Domestic Violence Program (pro); Mike Ryherd, Low-Income Housing Congress (pro); Jan Teague, Building Industry Association of Washington (con); and Glen Hudson, Washington Association of Realtors (con).